

House File 600 - Introduced

HOUSE FILE 600

BY ROGERS

A BILL FOR

1 An Act relating to the sales and use tax by classifying
2 nonprofit private food banks as designated exempt entities
3 eligible to receive the refund of sales and use tax paid in
4 fulfillment of written construction contracts, providing a
5 related sales and use tax exemption, and making penalties
6 applicable.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.4, subsection 1, Code 2013, is
2 amended to read as follows:

3 1. A private nonprofit educational institution in this
4 state, nonprofit Iowa affiliate of a nonprofit international
5 organization whose primary activity is the promotion of the
6 construction, remodeling, or rehabilitation of one-family
7 or two-family dwellings for low-income families, nonprofit
8 private museum in this state, nonprofit private food bank in
9 this state, tax-certifying or tax-levying body or governmental
10 subdivision of the state, including the state board of
11 regents, state department of human services, state department
12 of transportation, a municipally owned solid waste facility
13 which sells all or part of its processed waste as fuel to a
14 municipally owned public utility, and all divisions, boards,
15 commissions, agencies, or instrumentalities of state, federal,
16 county, or municipal government which do not have earnings
17 going to the benefit of an equity investor or stockholder, may
18 make application to the department for the refund of the sales
19 or use tax upon the sales price of all sales of goods, wares,
20 or merchandise, or from services furnished to a contractor,
21 used in the fulfillment of a written contract with the state of
22 Iowa, any political subdivision of the state, or a division,
23 board, commission, agency, or instrumentality of the state
24 or a political subdivision, a private nonprofit educational
25 institution in this state, a nonprofit Iowa affiliate described
26 in this subsection, ~~or~~ a nonprofit private museum in this
27 state, or a nonprofit private food bank in this state if the
28 property becomes an integral part of the project under contract
29 and at the completion of the project becomes public property,
30 is devoted to educational uses, becomes part of a low-income
31 one-family or two-family dwelling in the state, or becomes a
32 nonprofit private museum or nonprofit private food bank; except
33 goods, wares, or merchandise, or services furnished which are
34 used in the performance of any contract in connection with the
35 operation of any municipal utility engaged in selling gas,

1 electricity, or heat to the general public or in connection
 2 with the operation of a municipal pay television system; and
 3 except goods, wares, and merchandise used in the performance
 4 of a contract for a "project" under chapter 419 as defined in
 5 that chapter other than goods, wares, or merchandise used in
 6 the performance of a contract for a "project" under chapter 419
 7 for which a bond issue was approved by a municipality prior to
 8 July 1, 1968, or for which the goods, wares, or merchandise
 9 becomes an integral part of the project under contract and at
 10 the completion of the project becomes public property or is
 11 devoted to educational uses.

12 a. For purposes of this subsection, "nonprofit private food
 13 bank" means an organization qualifying under section 501(c)(3)
 14 of the Internal Revenue Code as an organization exempt from
 15 federal income tax under section 501(a) of the Internal Revenue
 16 Code that maintains an established operation involving the
 17 provision of food or edible commodities or the products thereof
 18 on a regular basis to persons in need or to food pantries,
 19 soup kitchens, hunger relief centers, or other food or feeding
 20 centers that, as an integral part of their normal activities,
 21 provide meals or food on a regular basis to persons in need.

22 ~~a.~~ b. Such contractor shall state under oath, on forms
 23 provided by the department, the amount of such sales of goods,
 24 wares, or merchandise, or services furnished and used in the
 25 performance of such contract, and upon which sales or use tax
 26 has been paid, and shall file such forms with the governmental
 27 unit, private nonprofit educational institution, nonprofit Iowa
 28 affiliate, ~~or nonprofit private museum, or nonprofit private~~
 29 food bank which has made any written contract for performance
 30 by the contractor. The forms shall be filed by the contractor
 31 with the governmental unit, educational institution, nonprofit
 32 Iowa affiliate, ~~or nonprofit private museum, or nonprofit~~
 33 private food bank before final settlement is made.

34 ~~b.~~ c. Such governmental unit, educational institution,
 35 nonprofit Iowa affiliate, ~~or nonprofit private museum, or~~

1 nonprofit private food bank shall, not more than one year
2 after the final settlement has been made, make application to
3 the department for any refund of the amount of the sales or
4 use tax which shall have been paid upon any goods, wares, or
5 merchandise, or services furnished, the application to be made
6 in the manner and upon forms to be provided by the department,
7 and the department shall forthwith audit the claim and, if
8 approved, issue a warrant to the governmental unit, educational
9 institution, nonprofit Iowa affiliate, ~~or~~ nonprofit private
10 museum, or nonprofit private food bank in the amount of the
11 sales or use tax which has been paid to the state of Iowa under
12 the contract.

13 ~~e.~~ d. Refunds authorized under this subsection shall accrue
14 interest at the rate in effect under section 421.7 from the
15 first day of the second calendar month following the date the
16 refund claim is received by the department.

17 ~~d.~~ e. Any contractor who willfully makes a false report of
18 tax paid under the provisions of this subsection is guilty of
19 a simple misdemeanor and in addition shall be liable for the
20 payment of the tax and any applicable penalty and interest.

21 EXPLANATION

22 This bill adds a nonprofit private food bank to the list
23 of designated exempt entities eligible to receive the refund
24 of sales and use tax paid on goods, wares, merchandise,
25 and services used in fulfillment of a written construction
26 contract, so long as the property after completion of the
27 project becomes a nonprofit private food bank. "Nonprofit
28 private food bank" is defined in the bill.

29 In order to receive the sales and use tax refund,
30 contractors are required to file certain sales and use tax
31 reports, and contractors filing false reports are guilty of
32 a simple misdemeanor and are liable for the payment of tax,
33 penalties, and interest. A simple misdemeanor is punishable by
34 confinement for no more than 30 days or a fine of at least \$65
35 but not more than \$625 or by both.

H.F. 600

1 By operation of Code section 423.3, subsection 80, building
2 materials, supplies, and equipment purchased by a contractor,
3 subcontractor, builder, or manufacturer will be exempt
4 from sales tax if such items will be completely consumed in
5 performance of a construction contract with a nonprofit private
6 food bank.

7 By operation of Code section 423.6, an item exempt from the
8 imposition of the sales tax is also exempt from the use tax
9 imposed in Code section 423.5.